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UNCLAS TEL AVIV 002918

SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

WHITE HOUSE FOR PRESS OFFICE, SIT ROOM
NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA
HQ USAF FOR XXXX
DA WASHDC FOR SASA
JOINT STAFF WASHDC FOR PA
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD
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PARIS ALSO FOR POL
ROME FOR MFO

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SUBJECT: ISRAEL MEDIA REACTION

SUBJECTS COVERED IN THIS REPORT:

Mideast

Key stories in the media:

The Jerusalem Post reported that Palestinian Authority Minister for Jerusalem Affairs Adnan Husseini told the newspaper on Monday that any solution to the Israeli-Palestinian conflict will require the establishment of a Palestinian state with its capital in all of East

Jerusalem. Yediot reported that Israeli and Palestinian participants at Annapolis will declare to start negotiations over Jerusalem. Leading media reported that Jerusalem's "holy basin" is at the center of the debate between Israel and the Palestinians. Various media quoted the London-based Al-Quds Al-Arabi that reported an agreement between Olmert and Chairman Abbas that would give Jordan control over parts of the Old City -- including the Temple Mount -- as part of a peace agreement. On Monday Maariv reported that a majority is emerging among cabinet members to divide Jerusalem. The media stressed a plan by Strategic Affairs Minister Avigdor Lieberman to give up some Arab neighborhoods.

Yediot presented the results of a Mina Zemach (Dahaf Institute) poll:

As part of a final status agreement with the Palestinians, should Israel accept any compromise in Jerusalem?

Yes: 21%; No: 63%; Only after a referendum: 16%

As part of a final status agreement, should Israel transfer [control of] Arab neighborhoods in East Jerusalem to the Palestinians?

Yes: 20%; No: 68%; Only after a referendum: 11%; Undecided:

1%

If a final status agreement is reached, who should control the holy sights, including the Temple Mount?

Israel Only: 61%; An International Body: 21%; Joint

Israeli-Palestinian Sovereignty: 16%; Jordan: 1%; Undecided: 1%

Do you believe the Olmert government has a mandate from the public to reach a final status [agreement] in Jerusalem?

Yes: 10%; No: 7%; Only if there is an 80 Knesset member-majority:

52%; Only if there is a referendum: 22%; Undecided: 7%

All media quoted PM Ehud Olmert as saying on Monday at the opening of the Knesset's winter session that he intends "to give impetus and a chance to a substantive diplomatic process in cooperation with PA President Abu Mazen [Mahmoud Abbas]." Olmert warned that Israel will not find better partners than Abbas and PM Salam Fayyad. That if they are allowed to fall, Hamas will take over the West Bank. And if Israel gives up on the diplomatic process and sticks to the status quo, as opposition leader Binyamin Netanyahu proposes, it will find itself in "a bloody demographic struggle steeped in tears." Olmert was quoted as saying that there will be no Israeli withdrawal before terror is eradicated in the West Bank. Netanyahu was quoted as saying that that government is bringing Iranian terror closer to Jerusalem.

Addressing the Shas and Yisrael Beiteinu factions, Netanyahu asked them what they are doing in Olmert's coalition. Highlighting PM Ehud Olmert's comments in his speech to the Knesset that the cabinet ministers should be indulgent with Netanyahu's slip of the tongue regarding the Israeli action in Syria in September, Maariv said that Olmert indirectly confirmed the operation. The media reported that Israeli President Shimon Peres condemned Iranian President Mahmoud Ahmadinejad's "lie" that "Iran does not intend to produce a nuclear bomb."

Ha'aretz reported that the IDF recently issued an order expropriating over 1,100 dunams (around 272 acres) of land from four Arab villages located between East Jerusalem and the West Bank settlement of Ma'aleh Adumim. The land is slated to be used for a new Palestinian road that would connect East Jerusalem with Jericho, thus "freeing up" the E-1 area between Jerusalem and Ma'aleh Adumim for Jewish development. Critics of the plan argue that development of the E1 area would effectively divide the West Bank into two and sever East Jerusalem from the West Bank.

All media (banners in Ha'aretz and Yediot) reported that the Winograd Commission will issue its final report without conclusions or recommendations against specific persons involved. By so doing, the committee is trying to avoid having to issue warning letters to individuals who may be harmed by its conclusions, and thus be able to publish the report by the year's end. However, according to Ha'aretz, this may not be enough to avoid legal wrangles.

The media reported that police will question PM Olmert today about his role in the privatization of Bank Leumi -- Israel's second largest bank -- with the goal of trying to determine whether he altered the tender to help a friend. In 2005, when the tender was issued, Olmert was finance minister. The interrogation may be open-ended. Yediot quoted senior police officials as saying that Olmert did not receive bribes.

On Sunday The Jerusalem Post quoted senior IDF officers as saying that there has been a sharp increase in the quantity of explosives, including various types of rockets, smuggled into the Gaza Strip from Egypt. On Sunday, a Grad Katyusha rocket fired from Gaza landed near Netivot, a town out of reach of the shorter-range Qassam rockets.

Israel Radio reported that Industry, Trade, and Labor Minister and Shas leader Eli Yishai is slated to meet today in Cairo with Egypt's President Hosni Mubarak and intelligence chief Omar Suleiman. The Jerusalem Post reported that on Monday Minister Eli Yishai urged Olmert to suspend his talks with Chairman Abbas until the Palestinians halt terrorism.

Ha'aretz reported that on Monday police evacuated the illegal West Bank outpost of Shvut Ami, which was set up last week and has since been inhabited by dozens of right-wing activists.

Ha'aretz reported that Menachem Leibovitz, deputy chairman of the Jewish National Fund (JNF), told the newspaper on Monday that most of the JNF's leadership is against a law that would officially sanction the leasing of its land to Jews only. Instead, the JNF has proposed swapping its urban land for land in rural areas which could then remain solely under Jewish control.

Ha'aretz and The Jerusalem Post reported that the Israeli and Palestinian negotiation teams met for the first time in Jerusalem on Monday to draft a joint statement for next month's international meeting in Annapolis. Ha'aretz reported that a participant in the talks told the newspaper "This is only the beginning. It is hard to tell if we are going in a positive or negative direction. Each side presented its opening positions. We also spoke about technical matters like the talks' location and agenda."

Maariv reported that some key Religious Zionist leaders and Rabbis now favor a return of their flock to the fold over setting up new outposts.

Leading media quoted Hizbullah Secretary-General Sheikh Hassan Nasrallah as saying on Friday that Israel is behind a series of murders of anti-Syrian politicians and journalists in Lebanon over the past two years. However, Ha'aretz reported that the charge was instantly rejected by many anti-Syria lawmakers.

The Jerusalem Post quoted President Peres's office as saying on Monday that Peres sent a letter congratulating Gen. Pervez Musharraf on his victory in Pakistan's presidential elections. Pakistan has no formal relations with Israel.

The Jerusalem Post reported that visiting Turkish FM Ali Babacan told the newspaper on Monday that the widespread perception in Turkey is that US Jewish organizations have linked up with Armenian groups to "defame" and "condemn" Turkey.

On Monday Maariv presented the results of a TNS/Teleseker poll conducted last week:
-"Do you believe the claim that Yigal Amir is not behind Yitzhak Rabin's murder?"
Yes: General public: 28%; religious public: 46%.

Mideast:

Summary:

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz: "With George W. Bush and Olmert scraping the bottom of the barrel in the public opinion polls, and Abu Mazen lacking his people's support, peace is not going to erupt in Annapolis. But the importance of this summit is that it is held at all. No one ever died from talking."

Senior columnist Nahum Barnea wrote on page one of the mass-circulation, pluralist Yediot Aharonot: "[Prime Minister Olmert] sincerely believes that the talks with Abu Mazen are the

lesser evil and the last chance to block Hamas.... He hopes to reach the conference with a paper that they both agree on, full of promises for the future -- but one that does not commit to concessions in the present."

The conservative, independent Jerusalem Post editorialized: "If the Arab world in general, and the Palestinians in particular, are not ready to accept [Israel's right to self-determination], they are not ready for peace. If they continue to meaninglessly repeat only [Israel's right to exist], they are reserving the right to continue to seek Israel's destruction."

Block Quotes:

I. "The Cat's Tail"

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz (10/9): "If peace breaks out between the Israelis and Palestinians at the Annapolis summit, I'll eat my hat.... On the eve of the summit, the problem is the feeble leadership of Ehud Olmert and Mahmoud Abbas (Abu Mazen). They look more like two British gentlemen meeting for a drink at the club than tough statesmen who can force the extremists in their camps to accept peace based on mutual concessions and conciliation with the enemy. I find it hard to imagine Abu Mazen putting his foot down in Gaza, halting terror, dissolving the terrorist organizations and ending the Qassam rocket fire. I find it hard to imagine Olmert, under a cloud of criminal investigations, getting a quarter of a million Greater Israel groupies to give up the territories and kiss some of their settlements goodbye. In the cabinet, I don't see how Olmert will get around Ehud Barak, who opposes the summit and calls it 'hot air,' or Tzipi Livni and Avi Dichter, who are riddled with doubt, or Shaul Mofaz, who says that 'Jerusalem is not a piece of real estate.' These guys can't even tie a knot in a cat's tail, [the late influential Israeli politician] Pinhas Sapir used to say about politicians of the Olmert and Abu Mazen ilk. With George W. Bush and Olmert scraping the bottom of the barrel in the public opinion polls, and Abu Mazen lacking his people's support, peace is not going to erupt in Annapolis. But the importance of this summit is that it is held at all. No one ever died from talking."

II. "Lucky Guy"

Senior columnist Nahum Barnea wrote on page one of the mass-circulation, pluralist Yediot Aharonot (10/9): "This week the [Israeli-Palestinian] teams will hold one meeting. Condoleezza Rice will arrive on Sunday. The Palestinians will complain about Israel's inflexibility. Then the talks will resume, until they reach a big crisis just before the conference. Olmert and Abu Mazen will have to meet. Rice will be called in from Washington. In the end, everyone will go to Annapolis feeling that they were coerced. So let them postpone the trip for a while. Another reason for pessimism is the sheer number of Israelis stirring the Palestinian pot, most of whom have good intentions, but whose stirring has raised expectations on the Palestinian side to the sky. The most prominent of them is Haim Ramon.... The Annapolis conference is being pushed by Condoleezza Rice. She has a personal agenda: she wants to show up her detractors, she wants to leave a mark, and her recognition of the suffering of the Palestinian people. President Bush is less enthusiastic. Olmert could have perhaps turned Rice down in a talk with Bush, but did not want to. He sincerely believes that the talks with Abu Mazen are the lesser evil, the last chance to block Hamas from taking over the neighboring people. He hopes to reach the conference with a paper that they both agree on, full of promises for the future -- but one that does not commit to concessions in the present. A paper that will make it possible for him to continue to keep his government. And afterwards? For what comes afterwards he needs [continued good luck]."

III. "Real Peace"

The conservative, independent Jerusalem Post editorialized (10/9): "We do not know what, if anything, will emerge from the planned conference in Annapolis next month. We do know that success or failure should not be measured by whether some document is produced, but by whether the Palestinians show some sign of accepting exactly what Abu Sitta [a prominent spokesman for Palestinian refugees]

fears: that peace with Israel means ending the campaign to destroy Israel. This is why it has become so important for Israel that the Arab side accept the Jewish people's right to renewing its national self-determination in this land, not just Israel's de facto existence. If the Arab world in general, and the Palestinians in particular, are not ready to accept the former, they are not ready for peace. If they continue to meaninglessly repeat only the latter, they are reserving the right to continue to seek Israel's destruction."

JONES